

For Immediate Release  
Bank of Palestine Group  
May 15<sup>th</sup>, 2023

## FIRST QUARTER 2023 RESULTS AND KEY METRICS

<b>ROA<sup>1</sup></b>	<b>ROE<sup>1</sup></b>	<b>CAR</b>	<b>OPERATING C/I%</b>	<b>NET LOANS TO DEPOSITS%</b>
<b>1.25%</b>	<b>14%</b>	<b>16.02%</b>	<b>55.19%</b>	<b>67.94%</b>

**TOTAL REVENUE (GROSS PROFIT) OF \$82.6 MILLION**  
**NET PROFIT OF \$20.6 MILLION**  
**ANNUALIZED EARNINGS PER SHARE OF \$0.32**

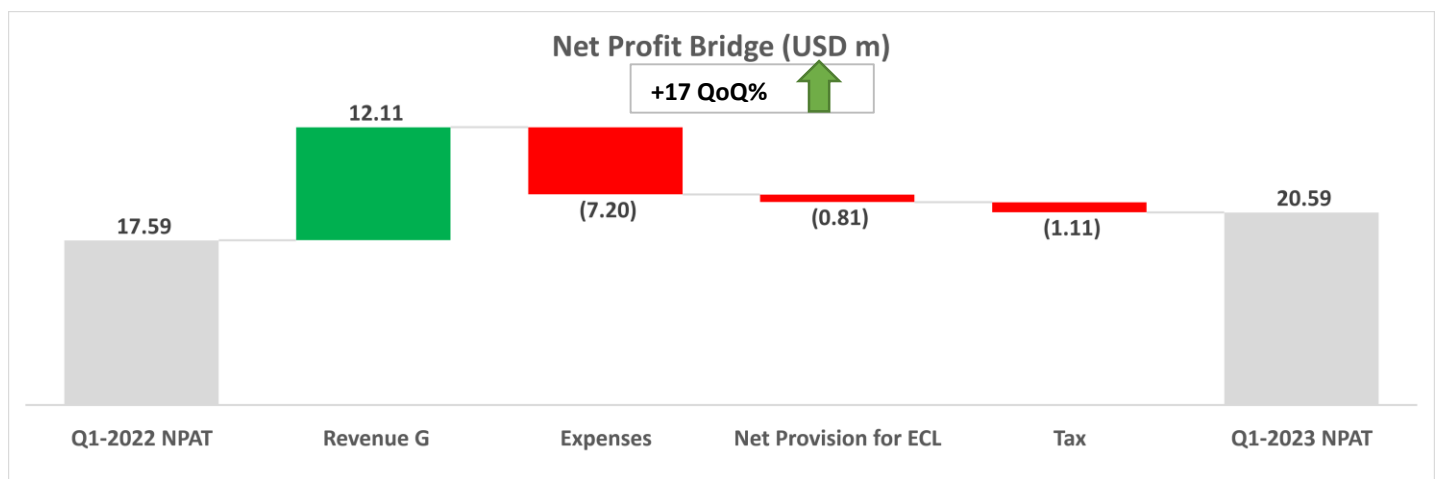
### Key Messages & Highlights

- Total Revenues increased by 17.17% from USD 70.5 million for Q1 2022 to USD 82.6 million for Q1 2023.
- Profit before tax increased by 15.48% from USD 26.5 million for Q1 2022 to USD 30.6 million for Q1 2023.
- Improved efficiency of operating expenses and improved funding costs contributed to higher profits.
- Bank of Palestine Group's market share reached 31.99% and 33.89% in customer deposits and credit facilities, respectively.
- Enhanced collection and follow-up processes in addition to better NPL management, NPL ratio dropped to 4.25%.
- Operating Cost to income ratio stood at 55.2% in Q1 2023.
- Net profit increased by 17.05% from USD 17.6 million for Q1 2022 compared to USD 20.6 million for Q1 2023.
- Return on Equity (attributable to BOP shareholders) increased from 13.05% in Q1 2022 to 14.00% in Q1 2023.
- Earnings per share increased from \$0.070 (\$ 0.28 annualized) for Q1 2022 to \$ 0.079 (\$0.32 annualized) for Q1 2023.
- The Bank has a solid and strong capital with a capital adequacy ratio reaching to 16.02% after the \$ 30 Million additional tier 1 investment by JICA.
- Net loans increased by 2.37% from USD 3.57 billion at the end of 2022 to USD 3.66 billion at the end of the first quarter 2023.

<sup>1</sup> ROA and ROE are presented on an annual basis.

- The Bank has a strong deposit franchise and solid liquidity buffers. Our customer deposits increased from USD 5.27 billion at the end of 2022 to reach USD 5.38 billion at the end of the first quarter 2023 resulting in 2.19% growth.
- Total shareholders' equity increased by 8.73% from USD 546 million at the end of 2022 to USD 594 million at the end of the first quarter 2023.

**Ramallah, Palestine May 15<sup>th</sup> 2023-** Bank of Palestine Group (BoP) announced its financial results reporting net profit for the three –month period ended March 31, 2023 of USD 20.6 million and revenues of USD 82.6 million compared to net profit of USD 17.6 million and revenues of USD 70.5 million for the same period ended March 31, 2022. Assets slightly increased to USD 6.56 billion compared with USD 6.49 billion at the end of 2022. The Bank's total shareholders' equity also increased to USD 594 million compared with USD 546 million at the end of 2022.



**Table: Net Profit Bridge**

### Other Messages

- JICA invested in Bank of Palestine's additional tier 1 capital in an amount of \$ 30 m to support Palestinian SMEs
- Proparco with the support of the EU and BoP signed Ariz Portfolio Guarantee Agreement
- Bank of Palestine launched its first Sustainability Report based on GRI standards
- Bank of Palestine is finalizing its 5-year business plan with Strategy&
- As part of its digitization strategy, the Bank launched a campaign to increase the usage of cards on BoP POS machines. The campaign attracts any card holder from any bank and merchants who use BoP machines to cash back the amount of purchases;
- To promote digitization and health, the Bank partnered with medical labs to offer discounts on tests when patients use BoP POS machines;
- The Bank increased its CSR activities in Q1 supporting Palestinian refugees in Syria & Turkey affected by the recent earthquakes and increased its intervention in the health sector in Palestine. In addition, and in partnership with Global Communities through WFP project, the Bank donated \$ 500,000 to 5,000 Palestinian needy families.

### **Chairman and CEO Commentary**

**Mr. Hashim Shawa, Bank of Palestine Group Chairman** said: “We started the year off with a remarkable financial performance achieving high growth through our different operations. We have finalized our 5-year business plan focusing on five pillars that include consumer segment, SMEs, digitization of operations & branches, regional expansion and boosting our Fintech Company – Palpay’s services to serve the unbanked. We look to the future with persistent focus on digitization and ESG where we factor the impact we do on our environment and in our community while continuing our efforts in financial inclusion and entrepreneurship through Ibtikar Fund.”

**Mr. Mahmoud Shawa, the Bank’s CEO commented:** “We are proud of our Group’s accomplishments and achievements which will build on delivering long-term value for our shareholders. The Group reported a net profit of \$ 20.6 m (17.05 % QoQ) which is a testament of sustainable growth in our core business as well as increased efficiencies. We were able to decrease our operating cost/income ratio to 55.2% while adopting digitization and sustainability as key priorities. In terms of project management and transformation, we have set our target projects and started implementing them to better serve our customers and stakeholders.”

**Annex: Bank of Palestine Group Financials**  
**Consolidated Statement of Financial Position**  
As of March 31 ,2023

	<b>31-Mar-23</b>	<b>31-Dec-22</b>
	<b>USD</b>	<b>USD</b>
<b>Assets</b>		
Cash and balances with Palestine Monetary Authority	1,742,501,955	1,803,515,455
Balances and investments at banks and financial institutions	680,702,939	592,297,476
Financial assets at fair value through profit or loss	7,843,065	9,168,285
Direct credit facilities and Islamic financing	3,656,773,779	3,572,054,865
Financial assets at fair value through other comprehensive income	61,820,206	59,526,233
Financial assets at amortized cost	202,193,012	241,306,472
Investment in associates and a joint venture	12,091,322	11,996,852
Investment properties	22,784,742	22,930,742
Property, plant and equipment and right of use assets	107,266,915	109,275,425
Projects in progress	1,243,370	649,543
Intangible assets	14,436,705	14,984,886
Other assets	54,292,900	50,254,623
<b>Total Assets</b>	<b>6,563,950,910</b>	<b>6,487,960,857</b>
<b>Liabilities and Equity</b>		
<b>Liabilities</b>		
Palestine Monetary Authority's deposits	95,270,314	199,103,950
Banks and financial institutions' deposits	119,449,907	93,668,011
Customers' deposits	5,073,224,502	4,966,613,355
Cash margins	309,008,318	300,110,487
Subordinated loan	60,000,000	60,000,000
Loans and borrowings	77,916,644	77,656,331
Istidama loans from Palestine Monetary Authority	30,599,921	32,110,614
Lease liabilities	28,418,561	30,105,511
Sundry provisions	51,053,189	52,355,497
Taxes provisions	27,194,505	35,440,008
Other liabilities	98,243,884	94,874,472
<b>Total Liabilities</b>	<b>5,970,379,745</b>	<b>5,942,038,236</b>
<b>Equity</b>		
Paid-in share capital	223,958,577	223,958,577
Additional paid-in capital	29,575,688	29,575,688
Perpetual loans	30,000,000	-
Statutory reserve	67,974,894	67,974,894
Voluntarily reserve	246,361	246,361
General banking risks reserve	8,374,676	8,374,676
Pro-cyclicality reserve	40,000,000	40,000,000
Fair value reserve	3,679,053	3,344,655
Retained earnings	125,126,921	107,929,885
<b>Total equity holders of the Bank</b>	<b>528,936,170</b>	<b>481,404,736</b>
Non-controlling interests	64,634,995	64,517,885
<b>Total Equity</b>	<b>593,571,165</b>	<b>545,922,621</b>
<b>Total Liabilities and Equity</b>	<b>6,563,950,910</b>	<b>6,487,960,857</b>

**Bank of Palestine**  
**Consolidated Income Statement**  
For the period ended March 31 ,2023

	<b>For the three-month period ended March 31</b>	
	<b>2023</b>	<b>2022</b>
	<b>USD</b>	<b>USD</b>
Interest income	54,002,292	43,837,083
Interest expense	(8,140,375)	(7,441,729)
<b>Net interest income</b>	<b>45,861,917</b>	<b>36,395,354</b>
Net financing and investment income	14,122,801	13,295,536
Net commissions	10,439,178	10,263,957
<b>Net interest, financing, investment and commissions income</b>	<b>70,423,896</b>	<b>59,954,847</b>
Foreign currencies gains	7,767,670	6,090,455
Net gains from financial assets	819,206	1,093,360
Bank's share of results of associates and a joint venture	94,470	139,506
Other revenues, net	3,528,261	3,246,781
<b>Gross profit before expected credit losses provisions</b>	<b>82,633,503</b>	<b>70,524,949</b>
Provision for expected credit losses on direct credit facilities and Islamic financing and other receivables, net	(7,243,638)	(5,800,582)
Provision for expected credit losses on investments, and indirect credit facilities and Islamic financing, net	844,056	208,142
<b>Gross profit</b>	<b>76,233,921</b>	<b>64,932,509</b>
<b>Expenses</b>		
Personnel expenses	(23,203,238)	(20,435,671)
Other operating expenses	(17,474,956)	(12,929,226)
Depreciation and amortization	(4,486,871)	(4,497,940)
Written off credit facilities not previously provided for Palestine Monetary Authority's fines	(20,000)	(25,000)
<b>Total expenses</b>	<b>(45,607,869)</b>	<b>(38,410,959)</b>
<b>Profit before taxes</b>	<b>30,626,052</b>	<b>26,521,550</b>
Taxes expense	(10,035,002)	(8,929,801)
<b>Profit for the year</b>	<b>20,591,050</b>	<b>17,591,749</b>
<b>Attributable to:</b>		
Equity holders of the Bank	18,516,286	15,707,257
Non-controlling interests	2,074,764	1,884,492
	<u>20,591,050</u>	<u>17,591,749</u>
<b>Basic and diluted earnings per share</b>	<b>0.079</b>	<b>0.070</b>

For the full set of financial statements, please visit our [website](#). For more information, please contact:

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